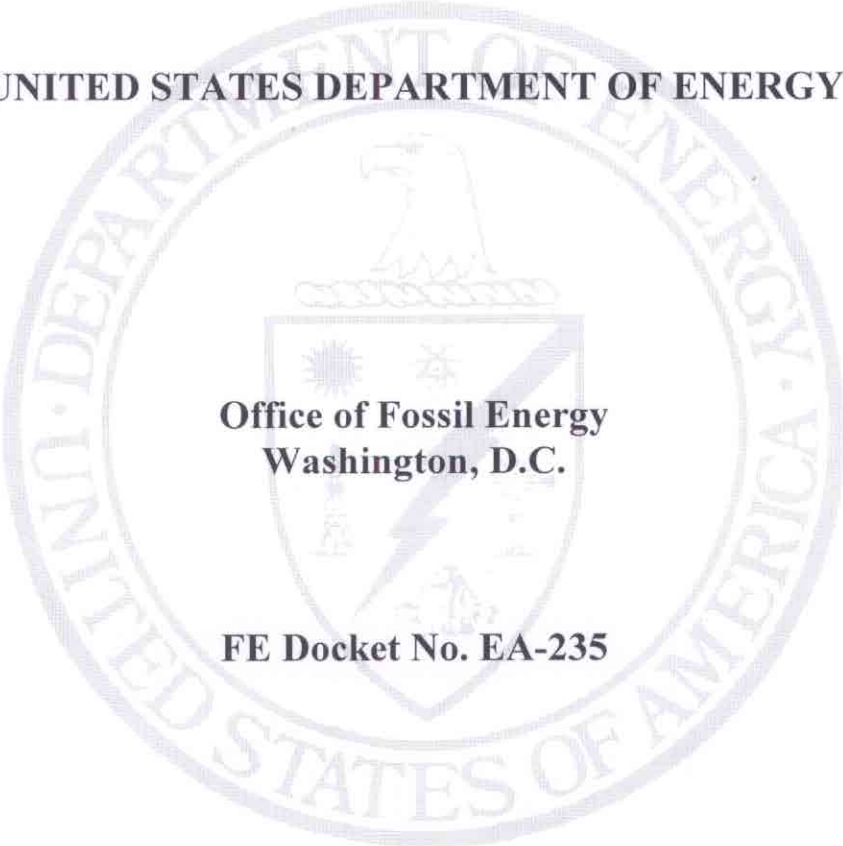


UNITED STATES DEPARTMENT OF ENERGY

The seal of the United States Department of Energy is a large, circular emblem. It features an eagle with spread wings at the top, perched on a shield. The shield is divided into four quadrants, each containing a different symbol: a sun, a lightning bolt, a gear, and a flower. The words "UNITED STATES DEPARTMENT OF ENERGY" are written in a circle around the top, and "UNITED STATES OF AMERICA" is written around the bottom.

**Office of Fossil Energy
Washington, D.C.**

FE Docket No. EA-235

SEMPRA ENERGY RESOURCES

Order Authorizing Electricity Exports to Mexico

Order No. EA-235

September 5, 2002

Sempra Energy Resources

Order No. EA-235

I. BACKGROUND

Exports of electricity from the United States to a foreign country are regulated and require authorization under section 202(e) of the Federal Power Act (FPA) (16 U.S.C. §824a(e)).

On March 28, 2001, Sempra Energy Resources (SER) applied to the Office of Fossil Energy (FE) of the Department of Energy (DOE) for authorization to transmit electric energy to Mexico. In a related proceeding (FE Docket PP-235), SER applied for a Presidential permit to construct, operate, maintain, and connect a double-circuit 230,000-volt (230-kV) electric transmission line across the U.S.-Mexican international border between San Diego Gas and Electric Company's (SDG&E's) Imperial Valley Substation in Imperial County, California, and a merchant powerplant under construction in the vicinity of Mexicali, Baja California, Mexico. The Mexican powerplant is being constructed by Termoelectrica de Mexicali (TDM). On December 5, 2001, DOE issued Presidential Permit PP-235 to SER authorizing the international 230-kV facilities. On August 29, 2002, in FE Docket PP-235-1, SER applied jointly with Termoeléctrica U.S., LLC (T-US) to transfer the facilities authorized by PP-235 to T-US. The electric energy SER proposes to export to Mexico would be for the purpose of providing start-up and other station use power at the TDM powerplant in Mexicali. Exports from the United States to the TDM powerplant for these purposes are expected to be a maximum of 12 megawatts.

The electric energy SER proposes to export to Mexico would be obtained from its own generation sources or from power purchase agreements and delivered to SDG&E's Imperial Valley Substation using the existing domestic transmission system. The exported electricity would be transmitted to Mexico only over the international transmission facilities currently authorized by Presidential Permit PP-235.

Notice of the SER export application was placed in the *Federal Register* on May 1, 2001, (66 FR 21748) requesting that comments, protests, and petitions to intervene be submitted to DOE by May 31, 2001. None were received.

II. DISCUSSION and ANALYSIS

The electric power proposed for export to the Mexican powerplant will be obtained from the applicant's own generation resources or purchased by the applicant from the competitive U.S.

market. As such, power can only be exported if it is available for purchase and if an entity is willing to sell it. This fact alone precludes the export from adversely impacting on the sufficiency of supply within the United States. Furthermore, the amount of power proposed for export (12 MW) is de minimis. In addition, the transmission system within the State of California is operated by the California Independent System Operator (CAISO) which schedules the movement of electric energy consistent with electric system capabilities and established operating reliability criteria of the Western Electric Coordinating Council and the North American Electric Reliability Organization. Therefore, the requested export also would not impede the coordination of regional transmission facilities.

III. FINDING

DOE has assessed the impact that the proposed export would have on the reliability of the U.S. electric power supply system. Based on the above Discussion and Analysis, DOE has determined that the export of electric energy to Mexico as requested by SER would not impair the sufficiency of electric power supply within the United States and would not impede or tend to impede the coordination in the public interest of facilities provided that, for exports through the system of SDG&E, EBC coordinate exports with SDG&E and/or the control area operator or Independent System Operator (ISO), as appropriate, such that total exports across the SDG&E/CFE interconnection are in conformity with the operating limitations established by the SDG&E/CFE operating nomogram and the Southern California Import Transmission Nomogram. These nomograms are on file in the Office of Fossil Energy for public review.

DOE has also determined that authorizing the proposed export of electricity over the facilities currently authorized by Presidential Permit PP-235 clearly would not constitute a major Federal action which could significantly affect the quality of the human environment within the meaning of the National Environmental Policy Act of 1969. DOE has documented the rationale supporting this finding in a Finding of No Significant Impact, dated December 5, 2001, and prepared in connection with Presidential Permit PP-235 granted to SER.

IV. ORDER

Based on the above, it is hereby ordered that SER is authorized to export electric energy to Mexico under the following terms and conditions:

(A) The electric energy exported by SER pursuant to this Order may be delivered to Mexico only over the permitted 230-kV international transmission facilities currently authorized by Presidential Permit PP-235.

(B) Exports made by SER pursuant to this Order shall not exceed an instantaneous transmission rate of 12 MW.

(C) In scheduling the delivery of electricity exports to Mexico, SER shall comply with all reliability criteria, standards, and guides of the North American Electric Reliability Council, Regional Councils, or independent system operators, as appropriate on such terms as expressed therein, and as such criteria, standards, and guides may be amended from time to time.

(D) SER shall conduct all operations pursuant to the authorization hereby granted in accordance with the provisions of the Federal Power Act and pertinent rules, regulations, and orders adopted or issued thereunder, including the comparable open access provisions of FERC Order No. 888, as amended.

(E) The authorization herein granted may be modified from time to time or terminated by further order of the DOE. In no event shall such authorization extend beyond the date of termination of the authority for the 230-kV international transmission facility currently authorized by Presidential Permit PP-235.

(F) This authorization shall be without prejudice to the authority of any State or State regulatory commission for the exercise of any lawful authority vested in such State or State regulatory commission.

(G) SER shall make and preserve full and complete records with respect to the electric energy exported to Mexico. SER shall furnish quarterly reports to the DOE, within 30 days following each calendar quarter, detailing for each month of the previous quarter: (1) the gross amount of electricity delivered, in kilowatt hours; (2) the consideration received for such energy; and (3) the maximum hourly rate of transmission, in kilowatts. Quarterly reports must be filed regardless of current activity and whether or not deliveries of electric energy have been made. If no transactions have been made, a one-sentence report indicating "no activity" for the previous quarter is sufficient.

Reports shall be submitted to the U.S. Department of Energy, Office of Fossil Energy, FE-27, 1000 Independence Avenue, SW, Washington, D.C. 20585-0305. Properly identified quarterly reports will also be accepted via facsimile at (202) 287-5736 to meet time requirements, but original copies should still be filed at the above address.

(H) In accordance with 10 C.F.R. §205.305, this authorization is not transferable or assignable, except in the event of the involuntary transfer of this authority by operation of law. Provided written notice of the involuntary transfer is given DOE within 30 days, this authorization shall continue in effect temporarily. This continuance also is contingent on the filing of an application for permanent authorization within 60 days of the involuntary transfer; the authorization shall then remain effective until a decision is made on the new application. In the event of a proposed voluntary transfer of this authority to export electricity, the transferee and the transferor shall file jointly an application for a new export authorization, together with a statement of reasons for the transfer.

(I) Exports authorized herein shall be reduced or suspended, as appropriate, whenever a continuation of those exports would impair or tend to impair the reliability of the U.S. electric power supply system.

Issued in Washington, D.C., on September 5, 2002.

A handwritten signature in blue ink, appearing to read "Anthony J. Come", is written over a horizontal line.

Anthony J. Come
Deputy Director, Electric Power Regulation
Office of Coal & Power Import/Export
Office of Coal & Power Systems
Office of Fossil Energy